

AMENDED IN SENATE JUNE 26, 1996

AMENDED IN SENATE JUNE 5, 1996

AMENDED IN ASSEMBLY MAY 15, 1996

AMENDED IN ASSEMBLY APRIL 8, 1996

CALIFORNIA LEGISLATURE—1995–96 REGULAR SESSION

ASSEMBLY BILL

No. 3335

Introduced by Assembly Member Granlund

February 23, 1996

An act to amend ~~Section 14551 of~~ *Sections 14551 and 14553 of*, and to add *Section 14551.5 to*, the Financial Code, relating to credit unions.

LEGISLATIVE COUNSEL'S DIGEST

AB 3335, as amended, Granlund. Credit unions: supervisory committee.

(1) Existing law provides that every credit union shall have a supervisory committee and provides that the powers of *the* committee include, among other things, ~~the supervision of the power to fill vacancies in the supervisory committee until the next annual meeting of members, to declare vacant any office of the supervisory committee as specified, and to supervise~~ the acts of the board of directors, officers, and credit committee or credit manager.

This bill would delete ~~that power and, instead, authorize the committee to make or cause to be made an annual audit and submit a report of that audit, make or cause to be made certain~~

~~supplementary inspections or audits and submit reports of those audits, and make the committee responsible for reviewing certain policies and control procedures, as specified the above powers of the supervisory committee.~~

The bill also would require the supervisory committee to review the credit union's policies and control procedures to safeguard against fraud and self-dealing, as specified.

(2) Existing law requires the supervisory committee to make or cause to be made an audit of the books and records and an examination of the business affairs of the credit union. Existing law also requires the supervisory committee to make a full report of the assets and liabilities, receipts and disbursements of the credit union to the board of directors, as specified.

This bill would authorize the supervisory committee to make or cause to be made any supplementary inspections of the securities, case, and accounts of the credit union or audits as necessary, and submit reports of those audits to the board of directors.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 14551 of the Financial Code is
2 amended to read:

3 14551. The supervisory committee may:

4 (a) Suspend at any time by unanimous vote, at a
5 meeting called for that purpose, the credit committee, or
6 any member thereof, or the credit manager, or any
7 member of the board of directors, or any officer.

8 (b) By a majority vote call a meeting of the members
9 to consider any violation of this division or the bylaws, or
10 any practices of the credit union which, in the opinion of
11 the committee, are unsafe or unauthorized.

12 (c) Inspect the securities, cash, and accounts of the
13 ~~credit union, make or cause to be made an annual audit~~
14 ~~and submit a report of that audit to the board of directors~~
15 ~~and a summary of the report to the members at the next~~
16 ~~annual meeting of the credit union, and make or cause to~~

~~be made any supplementary inspections of the securities, cash, and accounts of the credit union or audits as it deems necessary, and submit reports of those audits to the board of directors. The supervisory committee shall also be responsible for reviewing policies and control procedures to safeguard against fraud and self-dealing and the supervisory committee shall exercise whatever efforts are necessary pursuant to this section to meet those responsibilities. credit union.~~

(d) Fill vacancies in the supervisory committee until the next annual meeting of the members.

(e) Declare vacant any office of a member of the supervisory committee if such member is absent from three consecutive regular meetings of the supervisory committee unless excused therefrom or is completely inactive as a member of the supervisory committee for a consecutive 12 months' period.

SEC. 2. Section 14551.5 is added to the Financial Code, to read:

14551.5. The supervisory committee shall be responsible for reviewing the credit union's policies and control procedures to safeguard against fraud and self-dealing, and the supervisory committee shall exercise whatever efforts are necessary pursuant to Sections 14551 and 14553 to meet those responsibilities.

SEC. 3. Section 14553 of the Financial Code is amended to read:

14553. (a) The supervisory committee shall at least once each year make or cause to be made an audit of the books and records and an examination of the business and affairs of the credit union. The supervisory committee shall make a full report of the assets and liabilities, receipts and disbursements of the credit union to the board of directors. ~~Such~~ Those reports shall be read at the annual meeting of members and filed with the records of the credit union.

(b) The supervisory committee may make or cause to be made any supplementary inspections of the securities, cash, and accounts of the credit union or audits as it deems

- 1 *necessary, and submit reports of those audits to the board*
- 2 *of directors.*

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